



BUILDING PUBLIC SECTOR
RETIREMENT SECURITY

I AM NEARING RETIREMENT. NOW WHAT?

Managing Your ICMA-RC Retirement Accounts

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YOUR RETIREMENT MONEY – COMPETING GOALS



Cover ongoing **EXPENSES**
and major **PURCHASES**



Make money last an
entire **LIFETIME**



Provide for **SPOUSE**
and **LOVED ONES**



Don't underspend and
fail to **ENJOY** retirement!

1

SEE IF YOU ARE ON TRACK



What will your
EXPENSES be?



How much pension and Social
Security **INCOME** will you get?

Have you
SAVED enough?



SEE IF YOU'RE ON TRACK



The screenshot displays the ICMA-RC Retirement Security Builder website. The header features the ICMA-RC logo and navigation links for Home, Retirement Savings Calculator, and Paycheck Calculator. The main heading is "Retirement Security Builder", followed by a descriptive paragraph. Below this, there are two columns, each with an icon (calculator and presentation board), the tool name, and a "START HERE" button. The footer includes a copyright notice and a large yellow banner with the website URL.

ICMA-RC

Home Retirement Savings Calculator Paycheck Calculator

Retirement Security Builder

Use this tool to develop a personalized retirement savings strategy and calculate the after-tax effect of various contributions on your net pay. Please click a link below to get started.

 Retirement Savings Calculator [START HERE](#)

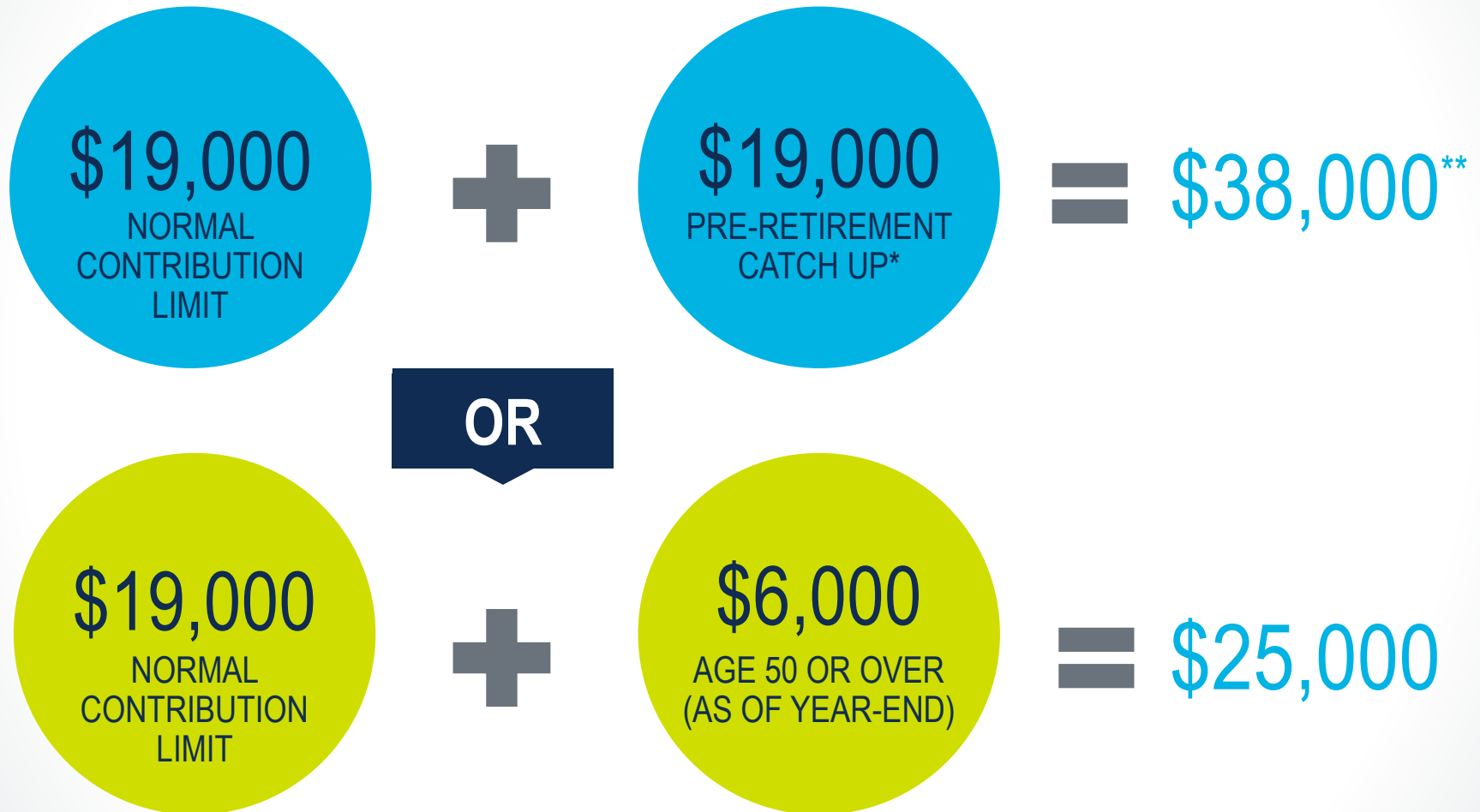
 Paycheck Calculator [START HERE](#)

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www.icmarc.org/ontrack

2019 CONTRIBUTION LIMITS

457 PLAN



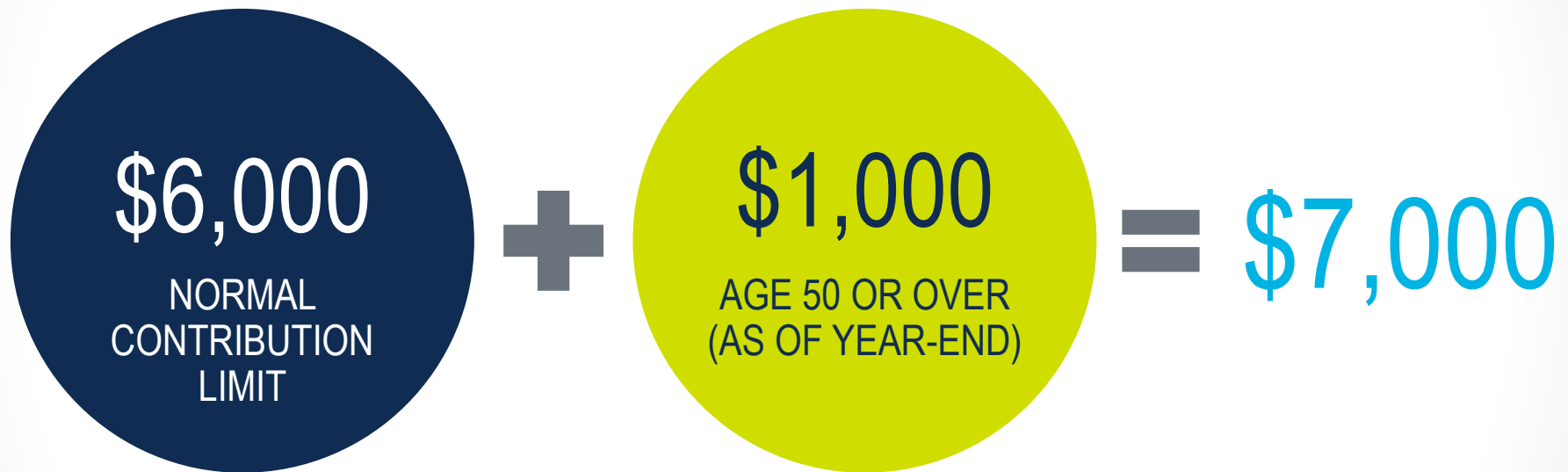
* During each of the three years prior to the year you reach your normal retirement age, as defined in the plan and based on extent to which maximum contributions not made in previous years.

** You May Be Able To Contribute Accrued Sick & Vacation Leave

Note: Catch-up provisions cannot be combined in the same plan year.

2019 CONTRIBUTION LIMITS

IRA



*During each of the three years prior to the year you reach your normal retirement age, as defined in the plan and based on extent to which maximum contributions not made in previous years.

Note: Catch-up provisions cannot be combined in the same plan year.

2

UNDERSTAND KEY RISKS

If You...

You're More Exposed to...

Take Too Much Investment Risk

Market Downturns

Take Too Little Investment Risk

Insufficient Income

Withdraw Too Much

Outliving Your Assets

Withdraw Too Little

Undesirable Standard of Living



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REVIEW YOUR INVESTMENT OPTIONS

Compare these general approaches



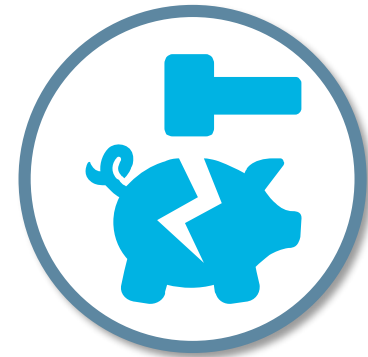
Build your own portfolio of funds

Most control but most complex to manage



Keep it simple – target-date and target-risk funds

Diversification + rebalancing to manage risk, but less control



Boost your lifetime income – lifetime income fund

Payments guaranteed for life, but added fees and restrictions*

* Guarantees are subject to the insurer's claims-paying ability. Excess withdrawal reduce and potentially eliminate guarantees.

4

KNOW YOUR WITHDRAWAL OPTIONS

You have **FLEXIBLE**
options upon separation

REVISE ANY TIME

- ▶ Single Payments – all or part of your balance
- ▶ Installment Payments
 - ▶ Specified amount
 - ▶ Specified time period
 - ▶ COLA option
- ▶ Lifetime Income Payments



DON'T TAKE WITHDRAWALS UNNECESSARILY

You don't have to withdraw.

You can continue to...

- ▶ Allow your funds to grow
- ▶ Receive tax advantages
- ▶ Get help and advice



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HAVE A WITHDRAWAL STRATEGY

Compare projected lifetime income and expenses.
Is there a gap?

Consider these approaches...

- ▶ 4% withdrawal “rule of thumb”
- ▶ Divide assets into buckets
- ▶ Boost lifetime income

www.icmarc.org/incomegap



FINE-TUNE YOUR STRATEGY

The screenshot shows the 'Retirement Income Planner' website. At the top, there are links for 'Home' and 'Retirement Withdrawal Calculator'. The main heading is 'Retirement Income Planner'. Below this, there are two steps: '1 Retirement Withdrawal Calculator' and '2 Results'. The first step is active. It contains three tabs: 'How much money do I need?' (selected), 'How long will my money last?', and 'How much money can I withdraw?'. Under the selected tab, there are four input fields with corresponding labels and a 'NEXT' button. The input fields are: 'How much do you expect to need each year in retirement?' (12000 \$), 'How many years in retirement do you need to fund?' (30), 'What rate of return do you expect on your savings in retirement?' (5 %), and 'What rate of inflation do you expect during your retirement?' (3.5 %). To the right of the input fields is a 'Quick Tips' section with a photo of an older couple and the text 'How Long Will Your Retirement Last? Plan for different possibilities, including living into your 90s. Check life expectancy.' Below the photo are 'Prev' and 'Next' buttons.

Home Retirement Withdrawal Calculator

Retirement Income Planner

1 Retirement Withdrawal Calculator 2 Results

How much money do I need? How long will my money last? How much money can I withdraw?

How much do you expect to need each year in retirement? 12000 \$

How many years in retirement do you need to fund? 30

What rate of return do you expect on your savings in retirement? 5 %

What rate of inflation do you expect during your retirement? 3.5 %

NEXT

Quick Tips

How Long Will Your Retirement Last? Plan for different possibilities, including living into your 90s. Check life expectancy.

Estimate how long your money will last and how much you can withdraw – www.icmarc.org/retireeplanner

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PLAN FOR TAXES

Withdrawals **TAXABLE** as ordinary income

- ▶ **EXCEPT** after-tax contributions, Roth assets*
- ▶ **20% WITHHELD** – you'll owe more or less than that
- ▶ **STATE TAXES** may apply, too
- ▶ **10% PENALTY TAX BEFORE AGE 59½** – 401 plans (**not 457**) and IRAs, unless exception applies**



www.icmarc.org/taxplanning

* Earnings subject to tax if distribution is not qualified under IRS rules.

** Non-457 plan assets rolled to a 457 plan and then withdrawn pre age 59½ may be subject to tax. For penalty tax exceptions, view IRS Form 5329 Instructions or your tax adviser. Note: ICMA-RC does not offer specific tax or legal advice.

KNOW YOUR PUBLIC SAFETY EMPLOYEE TAX BENEFITS

- ▶ Up to \$3,000 per year tax-free to pay insurance premiums*
- ▶ No penalty tax upon separation in year turn age 50 or later**



Do not apply to **IRAs**

* Eligibility rules and restrictions apply

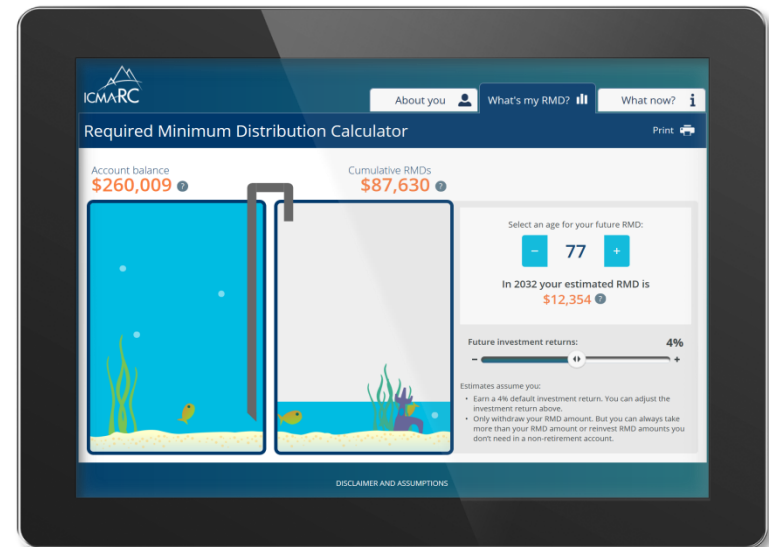
** 401 plans. Penalty tax does not apply to 457 plan contributions and associated earnings.

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PLAN FOR RMDs

Yearly, taxable, required withdrawals

- ▶ Beginning in year you turn **AGE 70½***
- ▶ If fail to take, **SUBJECT TO 50% PENALTY**
- ▶ We **SEND** to you yearly upon notification of separation**



www.icmarc.org/rmd | www.icmarc.org/rmdcalc

* Can delay for current employer's plan. Roth IRAs not subject to RMDs unless inherited

** You control how and when payments are received. IRA RMDs are not automatically distributed.

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EXPLORE ROLLOVER PROS AND CONS

Consolidate retirement accounts to simplify?

- ▶ **COMPARE** investment fees, options, and services
- ▶ **UNDERSTAND** tax rules for different types of accounts
- ▶ **REMINDER:** 457 plan assets rolled to non-457 plans lose the automatic penalty tax exception



www.icmarc.org/simplify | www.icmarc.org/ira



GUIDED PATHWAYS®

PROFESSIONAL ADVICE SERVICE TO TIE IT ALL TOGETHER

Provides saving and retirement age recommendations...

You choose the level of **investing assistance** you want

	ASSET CLASS GUIDANCE	FUND ADVICE	MANAGED ACCOUNTS
Develop retirement savings plan	✓	✓	✓
Determine asset class allocation	✓	✓	✓
Select appropriate funds		✓	✓
Monitor fund performance			✓
Manage my portfolio on an ongoing basis			✓
	No charge	\$20 annual fee	Asset-based fee*

Investment and plan administration costs apply to underlying funds.

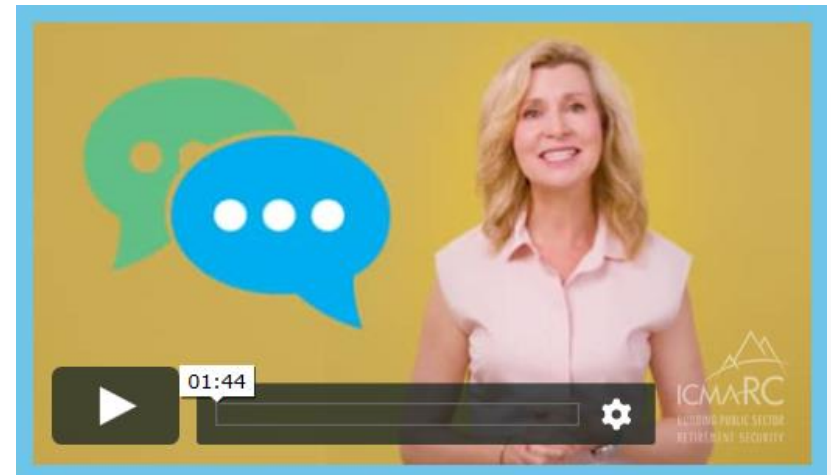
Investment advice and analysis tools are offered to participants through ICMA-RC, a federally registered investment adviser. Investment advice is the result of methodologies developed, maintained and overseen by the Independent Financial Expert, Morningstar Investment Management LLC. Morningstar Investment Management LLC is a registered investment advisor and subsidiary of Morningstar, Inc. Morningstar, Inc. and Morningstar Investment Management LLC are not affiliated with ICMA-RC. All rights reserved. The Morningstar name and logo are registered marks of Morningstar, Inc.

GUIDED PATHWAYS®

HELP MEETING YOUR RETIREMENT GOALS

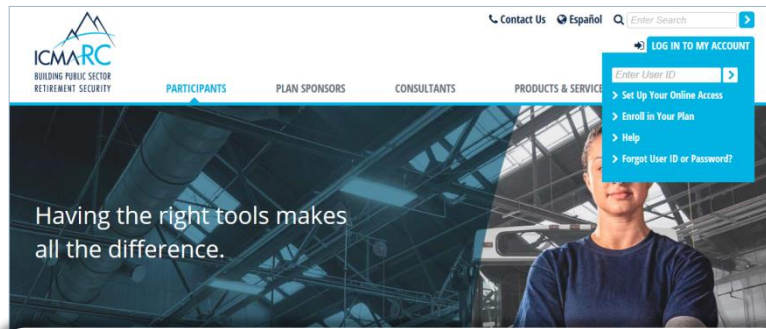
Helps turn your savings into income

- ▶ Estimates how long desired income will last
- ▶ Recommends how much to withdraw and from which accounts
- ▶ Taxes are considered in the recommendations



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GET THE MOST FROM YOUR ICMA-RC ACCOUNT



Manage your account online
www.icmarc.org/login



Planning tips & tools
www.icmarc.org/education

Your ICMA-RC Representatives

<INSERT RPS NAME>

Retirement Plans Specialist

<phone> | <email>

<INSERT CFP NAME>

CERTIFIED FINANCIAL PLANNER™

<phone> | <email>

ICMA-RC WILL CONTINUE TO WORK FOR YOU

...and we will work for
your **BENEFICIARIES**
who also can get
flexible payout options
with no added fees



ICMA-RC WILL CONTINUE TO WORK FOR YOU

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QUESTIONS?

